

Saudi Stock Market – Weekly Update

For the Week ending 19 February 2015

“Drilling activity in the US is dropping like a stone. The contracts are interrupted and drilling companies have stopped drilling because of the cash flow situation.”

- Mr. Christophe de Mahieu, Partner, Bain and Company

TASI PERFORMANCE FOR THE WEEK

TASI ENDS WITH GAINS

“TASI gains
0.5%”

TASI continues its upward momentum for the fourth consecutive week by registering weekly gain of 0.5% to close at 9,300. Regional markets reported mixed trend with Dubai registering highest loss of 1.2%.

The positive momentum in the early part of the week dried down due to the price action in crude oil. Crude Oil prices trended lower during the week possibly due to reports of increasing oil inventories in the U.S. According to Energy Information Administration (EIA) U.S. commercial crude oil inventories increased by 7.7 million barrels during the last week to reach 425.6 million barrels. This seems to be the highest level ever and is at least 100 million barrels higher than historical long term average.

Rising inventories are yet another setback to the U.S. economy which is already experiencing job losses and expenditure cutbacks in the oil & gas industry. Minutes of the last Federal Reserve’s meeting also validates the potential problem “Several participants noted that there were signs of layoffs in the oil and gas industries, and that persistently low energy prices might prompt a larger retrenchment of employment in these industries.”. This will be a tricky phase for the OPEC – at one side, lower output from the US could increase oil prices but if the US economy deteriorates, the ramifications could be worse.

“US crude
inventories rise to
426 million barrels”

Meanwhile in Europe, the stalemate continues between Greece and Germany over the debt deal.

Chart 1: TASI Close & Market Turnover

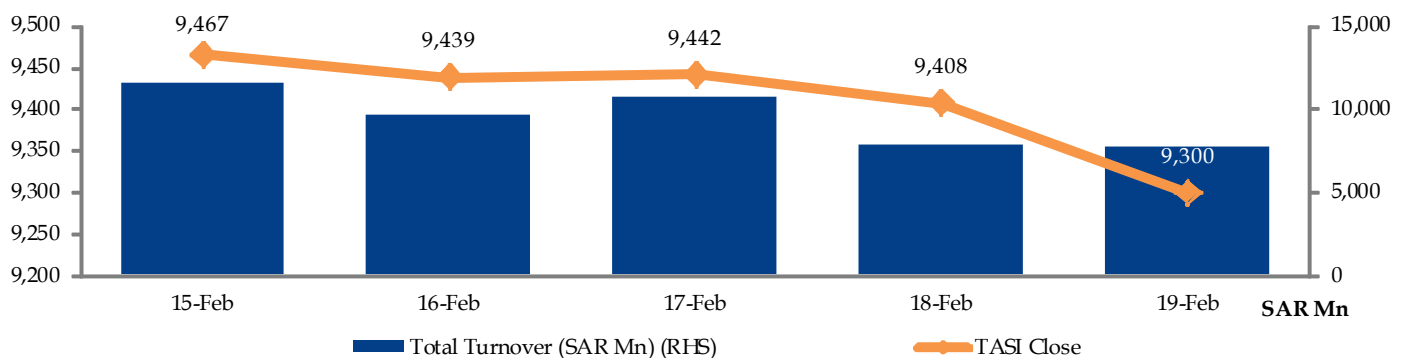
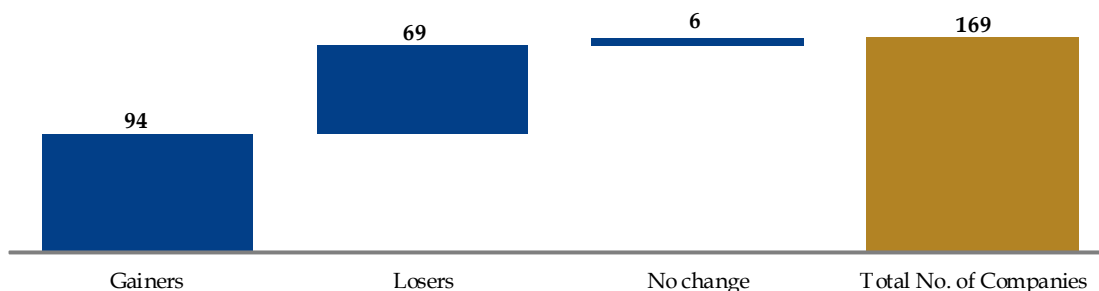
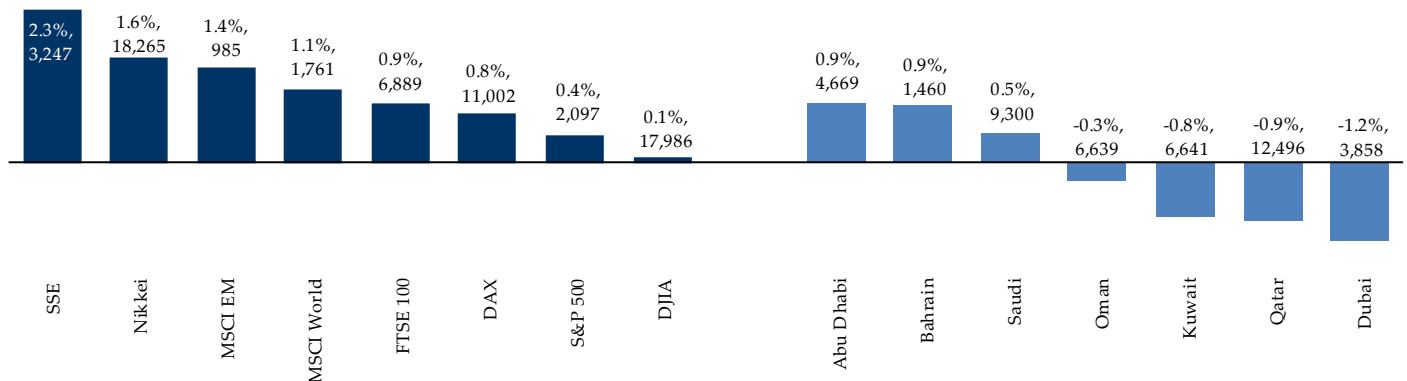


Chart 2: Trading Statistics



Saudi market
breadth was
positive with
94 gainers as against
69 losing stocks

Chart 3: Global Indices - Weekly Returns



Note: Weekly returns are calculated considering Friday to Thursday week. Numbers indicate weekly returns and index closing values.

SAUDI - SECTOR INDICES

“8 out of 15 indices closed the week in Green”

Sector indices reflected the broader market trend with 8 indices ending with positive returns during the week. Real Estate index was up 5.9% and lead the gainers list followed by Energy & Utilities(+4.8%) and Hotel & Tourism (+2.5%). Petrochemicals (-2.1%) and Media & Publishing (-1.3%) were the top losing indexes.

Banks continues to be the highest traded sector contributing 17.4% to total traded value and 14.5% to total volumes. Real Estate came second with 15.7% contribution to total traded value and 19.5% to the volume.

Index	Open	Close	WTD (%)	YTD (%)	Total Volume (Mn)	Total Turnover (SAR Mn)	No. of Trades
TASI	9,257	9,300	0.5%	11.6%	1,776	47,612	787,448
Banks & Financial Services	20,626	20,828	1.0%	13.7%	258	8,266	71,491
Petrochemical Industries	6,551	6,416	-2.1%	9.5%	221	5,662	72,803
Cement	7,176	7,111	-0.9%	3.8%	42	1,510	26,082
Retail	17,035	16,953	-0.5%	9.2%	27	2,178	34,888
Energy & Utilities	6,543	6,860	4.8%	21.4%	51	963	10,978
Agriculture & Food Industries	12,165	12,162	0.0%	4.2%	144	4,009	87,651
Telecom & IT	1,830	1,830	0.0%	-5.8%	87	1,470	25,788
Insurance	1,541	1,522	-1.2%	19.3%	199	6,528	185,860
Multi-Investment	4,354	4,371	0.4%	18.8%	41	911	20,540
Industrial Investment	8,086	8,208	1.5%	24.5%	88	3,642	46,276
Building & Construction	3,722	3,729	0.2%	12.9%	115	3,087	76,803
Real Estate Development	7,006	7,418	5.9%	25.4%	463	7,472	91,737
Transport	8,392	8,404	0.1%	16.0%	25	878	16,396
Media and Publishing	2,387	2,356	-1.3%	7.0%	5	170	4,848
Hotel & Tourism	22,470	23,022	2.5%	16.4%	12	866	15,307

THIS WEEK'S WINNERS & LOSERS

Top Gainer

**Takween
Advanced
Industries
(+14.1%)**

Takween Advanced Industries(+14.1%) was the top gainer during the week, closely followed by Saudi Steel Pipe Co.(+13.7%). Takween closed at SAR 60.35 and has gained 26.2% YTD.

Conversely, United Co-operative Assurance Co. (UCA) fell 20.2% during the week to close at SAR 17.52. UCA was followed by AXA Co-operative (-13.0%) and Eastern Province Cement Co. (-9.9%)

Top Loser

**United
Co-operative
Assurance Co.
(-20.2%)**

SABIC, the gulf's largest company lost 2.80% for the week and clocked a turnover of SAR 1.93bn. SABIC has increased 10.67% YTD to close SAR 92.41.

Top Gainers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
Takween	60.35	14.1%	26.2%	516
SSP	33.2	13.7%	38.1%	159
KEC	22.93	9.4%	35.4%	772
Saudi Re	11.57	9.4%	34.5%	224
Jabal Omar	69.85	8.5%	33.1%	1,999

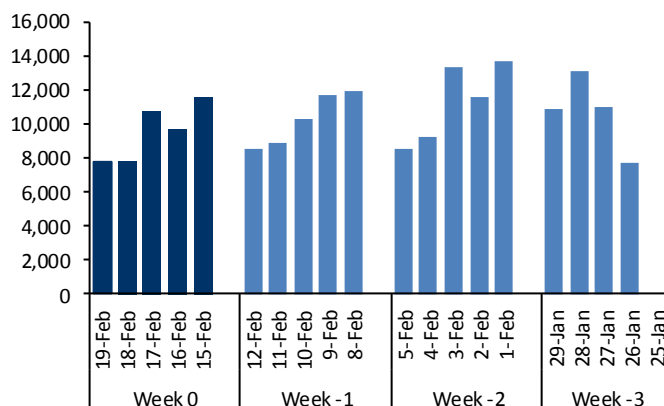
Top Losers

Company	Close	WTD (%)	YTD (%)	Value Traded (SAR Mn)
U C A	17.52	-20.2%	-13.0%	204
AXA-Cooperative	22.89	-13.0%	9.4%	191
EPCCO	55.72	-9.9%	0.7%	369
Arabian Shield	41	-7.9%	20.0%	230
Buruj	49.57	-7.8%	48.8%	299

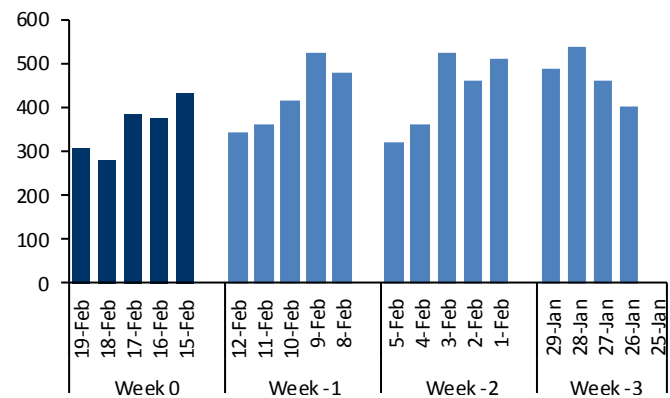
THE LIQUIDITY PLAY (VOLUME - VALUE TREND)

The market activity decreased during the week with the overall market trading 1,776mn shares (2,122mn, 2,176mn shares in the preceding two weeks). The week's turnover also reduced to SAR 47.6bn as against SAR 51.4bn, SAR 56.5bn in the preceding two weeks.

TASI Weekly Turnover Trend (SAR Mn)



TASI Weekly Volume Trend (Mn)



SAUDI - CORPORATE & ECONOMIC NEWS

- ▶ Standard & Poor's downgraded its credit ratings for Al Rajhi Bank, the National Commercial Bank, Riyadh Bank and Samba Financial Group.
- ▶ Saudi Arabia's crude oil exports dropped in December to 6.934 million bpd from 7.296m bpd in the November 2014. However, in December, the Kingdom maintained crude oil production at 9.630 million bpd from 9.610 million bpd in November.
- ▶ Minister of Water and Electricity has signed 33 contracts to implement water and drainage projects across the Kingdom at a total value of more than SAR 672mn.
- ▶ Sanam Real Estate Company has signed a memorandum of understanding (MoU) with Saudi Holding Project Group to evaluate possible means of cooperation between the two companies.
- ▶ Halwani Bros has started construction of their chicken factory in Egypt at an investment to EGP 80mn. The operations are likely to be launched in the second half of 2015.
- ▶ Shareholders of Abdulmohsen Alhokair Group for Tourism and Development Co. have given approval for selling assets to Abdul Mohsen Abdul Aziz Al Hokair Group for a total value of nearly SAR 9mn.
- ▶ The Butanol project of Saudi Kayan valued at SAR 1,100mn is likely to be completed in the second half of 2015.
- ▶ Al Babtain Power and Telecommunication has obtained approval from French authorities for its restructuring plan which includes decreasing the number of employees in its subsidiary, Al-Babtain France S.A.S.
- ▶ Methanol Chemicals Co. has directed the management to re-conduct feasibility study for establishing a new Sulphonated Naphthalene Formaldehyde Plant at a total cost of nearly SAR 75mn.
- ▶ Dallah Healthcare has opened Northern Clinics in Al Nakheel district, Riyadh with a project cost of SAR 120mn and is financed by the company's operations and long-term Islamic financing.
- ▶ Saudi Aramco is reportedly talking to banks about taking a USD 10bn loan for general business purposes.
- ▶ Saudi Aramco and Dow Chemical Co plan to start production this year at their USD 20bn Sadara chemicals joint venture. Separately, Saudi Aramco is seeking partners to help build commercial properties in a 10,000-home project as the Company takes a direct role in constructing accommodation for its employees.
- ▶ Abdullah Al Othaim Markets has signed documents for establishment of Al-Woustah Company for Food Services and it is attested by the Ministry of Commerce and Industry. Al-Woustah is expected to start operations in the second quarter of 2015.
- ▶ Abdullah A. M. Al-Khodari Sons has signed an agreement with G. P Zachariades Limited to terminate their pre-bid joint venture agreement. This terminated agreement had no financial impact.
- ▶ Gulf Finance House has signed a contract with Kuwait's Gulf Holding Company and Saudi Arabia's Al-Rajhi Bank to provide finance for Villamar Project and for restructuring of the existing Sukuk facility.

OTHER GULF NEWS

- ▶ UAE's Securities and Commodities Authority has agreed to approve controls for offering and listing the shares of newly-incorporated public joint-stock companies in order to boost confidence and promote investor protection.
- ▶ Siemens has been awarded a USD 400mn contract to expand the M-Station power plant in Dubai. The expansion will increase its electricity-generating capacity from 2,060 MW to 2,700MW, at the gas-powered facility.
- ▶ UAE's Ministry of Public Works has unveiled a portfolio of projects worth more than AED 10bn, including a hospital in Dubai and a prison in Sharjah.
- ▶ Qatargas is reportedly in the final stages of talks on a deal to supply Pakistan with 3 million tonnes of liquefied natural gas annually for 15 year.
- ▶ Qatar International Petroleum Marketing Company has entered into another term contract with Japan's Astomos Energy Corporation Astomos for sale and purchase of Qatar's liquefied petroleum gas
- ▶ Kuwait plans to boost its oil and gas drilling rigs by 50% by early 2016, Head of Kuwait Oil Co. said.
- ▶ Kuwait's logistics firm Agility plans to spend up to USD 100mn in 2015 on its expansion plans, with Africa the main target of its investment.
- ▶ Etihad Airways has leased USD 100mn of spare engine and component assets from Mubadala Development Company's subsidiary Sanad Aero Solutions.
- ▶ Oman Power and Water Procurement Company has started Pre-qualification process to select a private developer to build 116.8mn capacity desalination project has started.
- ▶ Salalah Free Zone has signed an infrastructure and facilities development agreement worth OMR 15mn with Larsen and Tubro Oman LLC.
- ▶ Oil and gas companies operating in Oman under exploration and production sharing agreements are now required to sign up to the Joint Supplier Registration System (JSRS) for the oil and gas industry.

GLOBAL ECONOMIC NEWS

- ▶ Germany has rejected Greece's proposal for a six-month extension to its bailout programme . Meanwhile, Fitch has warned that Greece could be dragged back into recession by uncertainty over bailout.
- ▶ Number of unemployed people in the United Kingdom fell by 97,000 in the October-December quarter, lowering the jobless rate to 5.7%.
- ▶ Walmart Stores said it would spend more than USD 1bn to increase pay for half a million US employees this year.
- ▶ Warren Buffett's Berkshire Hathaway Inc. has exited the USD 3.7bn investment in Exxon Mobil Corp.
- ▶ Sony has said it will spin off its video-and-audio business into a separate company as part of a three-year plan to return to profit.

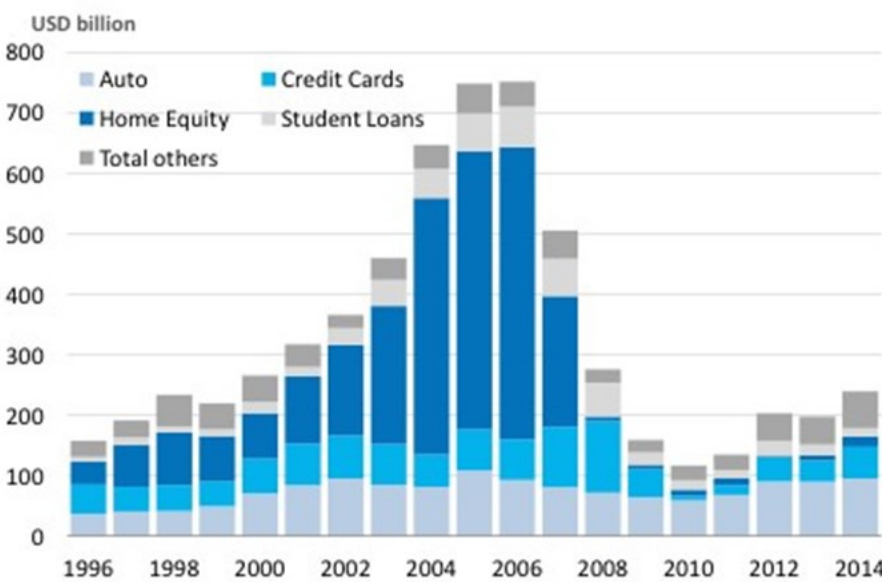
CHARTS OF THE WEEK

Chart 1 : Trend in Equity Prices and Crude Oil Prices



Source: Wall Street Journal, Energy Information Administration


Chart 2: Issuance of Asset Backed Securities in the U.S.




Source: Securities Industry and Financial Markets Association (SIFMA)

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